

## **Code on Conflict of Interests for Members of Board**

This Code has been adopted by the Board in its meeting held on December 4, 2008 to ensure that it conducts in a manner that does not compromise its ability to accomplish its mandate or undermine the public confidence in the ability of Member(s) to discharge his responsibilities.

### **Definitions**

1. In this Code, unless the context otherwise requires,-

- (i)** “**family**” means spouse and dependant children below 18 years of age.
- (ii)** “**conflict of interests**” means any personal interest or association of a Member, which is likely to influence the decision of the Board in a matter, as viewed by an independent third party.
- (iii)** “**Member**” means a Member of the Board and includes Chairman of the Board.
- (iv)** “**regulated entity**” means a company which is listed or proposed to be listed on a recognized stock exchange(s) or an intermediary registered with SEBI.
- (v)** “**shares**” means shares or any other instrument convertible into shares, of a company listed or proposed to be listed on a recognized stock exchange.
- (vi)** “**substantial transactions**” means transactions of at least 5,000 shares or shares of a value of at least Rs. 1, 00,000.
- (vii)** “**WTM**” means a Whole Time Member of the Board and includes the Chairman of the Board.

2. Words and expressions used and not defined in this Code but defined in the securities laws shall have the meanings respectively assigned to them in those laws.

### **Code in addition to other provisions**

3. This Code shall be in addition to the provisions of Section 7 A of the SEBI Act, 1992 Rule 3 (1) and 19 A (1) of the SEBI (Terms and Conditions of Service of Chairman and Members) Rules, 1992, and Regulations 9 and 11 of the SEBI (Procedure for Board Meetings) Regulations, 2001.

### **General principles**

4. (1) A Member shall take all steps necessary to ensure that any conflict of interests to which he may be subject to does not affect any decision of the Board.

(2) A Member shall disclose his interests which may conflict with his duties.

(3) A Member shall not exploit to his personal advantage, any personal or professional relationship with regulated entities or any employee of such entities.

### **Outside or private activities**

5. (1) A WTM shall not hold any other office of profit.

(2) A WTM shall not engage in any other professional activity, which entails receipt of salary or professional fees.

### **Transactions in shares**

6. (1) A Member shall disclose his holding of shares and holdings of shares of his family within 15 days of the assumption of Office.

(2) A Member shall disclose his holding of shares and holdings of shares of his family at the end of each financial year within 15 days of the close of the financial year.

(3) A WTM shall disclose substantial transactions by him and his family within 15 days of such transaction.

(4) A Member shall not deal in securities of a company listed on a recognized stock exchange based on unpublished price sensitive information which he may have got access to.

### **Conflict in respect of agenda**

7. (1) A Member, who is directly or indirectly interested in any matter coming up for consideration at a meeting of the Board, shall disclose the nature of his interest at such meeting.

(2) A Member shall not take part in any deliberation or discussion of the Board with respect to such matter except to the extent of professional advice if sought by the Board.

#### **Members not to hear or decide in certain cases**

8. No Member shall hear or decide any matter where he has a conflict of interest.

#### **Availing services of intermediaries**

9. A Member shall disclose if he or his family has any dispute in respect of product or services availed from an intermediary.

#### **Acceptance of gifts**

10. (1) A WTM shall not accept any gift by whatever name called, to the extent possible, from a regulated entity.

(2) A WTM shall hand over the gift, if he receives any and the value exceeds Rs. 1000/-, to the General Services Department of the SEBI.

#### **Other disclosures**

11. A Member shall disclose the following:

- a) any post, other employment or fiduciary position which a Member holds, or has held in the past 5 years in connection with any regulated entity;
- b) any other significant relationship, including a professional, personal, financial or family relationship held in connection with a regulated entity;
- c) any honorary position, by whatever name called, in any organisation.

#### **Procedure for managing the conflict**

12. (1) A Member shall disclose a conflict of interests at the earliest possible opportunity.

(2) A Member shall seek determination from the Chairman if he has a doubt whether there is a conflict of interests or not.

(3) Chairman shall seek determination from the Board if he has a doubt whether there is a conflict of interests or not.

4) If the Chairman or the Board, as the case may be, determines that there is a conflict of interests, the Member or Chairman shall refrain from dealing with the particular matter.

(5) The Chairman or the Board, as the case may be, shall assign that matter to another Member or a Committee of Members.

### **Procedure for public to raise conflict of interests**

13. (1) Any person, who has reasonable ground to believe that a Member has an interest in a particular matter, may bring the same with material evidence to the notice of Secretary to Board.

(2) The Secretary to the Board shall place the details received under sub-clause (1) before Chairman in case of a Member and before the Board in case of Chairman.

(3) The Chairman or the Board, as the case may be, shall determine if the Member or Chairman has an interest which is likely to affect the decision by him.

(4) The Member or the Chairman, as the case may be, shall refrain from dealing with that particular matter if the Chairman or the Board determines that there is a conflict of interests.

(5) The Chairman or the Board, as the case may be, shall assign that matter to another Member or a Committee of Members.

### **Maintenance of disclosures**

14. (1) The information as disclosed under this Code shall be kept confidential and shall not be disclosed save in the following circumstances:

- a. where there is a requirement for disclosure for the purposes of managing potential or actual conflicts;

- b. where there is a requirement for disclosure following the change of responsibilities of a Member;
- c. where there is a requirement for the purposes of disciplinary proceedings;
- d. where there is any legal or regulatory obligation to disclose the information.

(2) The disclosures by a Member may be scrutinized under the authority of the Chairman with due regard to Members' areas of responsibility.

(3) The disclosures by Chairman may be scrutinized under the authority of the Board with due regard to Chairman's responsibility.

(4) The Secretary nominated under Regulation 12(1) of the SEBI (Procedure for Board Meetings) Regulations, 2001 shall keep and maintain custody of documents / records etc. pertaining to any disclosure made by Members under this Code.

#### **Transitory provisions**

15. The existing Members shall make the disclosure as required under this Code within a period of one month from the date on which this Code was adopted by the Board.